

# FINANCIAL INFORMATION FORUM

September 24, 2024

## By email

Office of Financial Research  
U.S. Department of the Treasury  
717 14<sup>th</sup> Street, NW  
Washington, DC 20220

Attn: Corey Garriott, Director of Research  
Laura Miller Craig, Senior Advisor  
Michael Passante, Chief Counsel  
Sriram Rajan, Associate Director of Financial Markets  
Marc Shultz, Senior Data Product Manager

**Re: U.S. Department of the Treasury, Office of Financial Research, Ongoing Data Collection of Non-Centrally Cleared Bilateral Transactions in the U.S. Repurchase Agreement Market, 12 CFR Part 1610**

Dear Mr. Garriott, Ms. Miller Craig, Mr. Passante, Mr. Rajan and Mr. Shultz,

Financial Information Forum (“FIF”) is submitting this letter on behalf of the members of FIF in response to (i) the rule adopted by the Office of Financial Research of the U.S. Department of the Treasury (the “OFR”) to require reporting of non-centrally cleared bilateral repos (the “NCCBR rule”),<sup>1</sup> (ii) FAQs published by the OFR relating to the NCCBR rule titled “Frequently asked questions about NCCBR reporting” (the “FAQs”),<sup>2</sup> and (iii) other documentation published by the OFR relating to the NCCBR rule, as discussed below. Under the NCCBR rule, firms that meet specified activity thresholds (“covered reporters”) are required to report to the OFR specified data relating to non-centrally cleared bilateral repurchase agreement transactions (“repos”). FIF is submitting this letter as a supplement to the letters that FIF submitted to the OFR on June 20, July 17, August 22, 2024 and September 12, 2024.<sup>3</sup>

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<sup>1</sup> 12 CFR §1610.11 (Non-centrally Cleared Bilateral Repurchase Agreement Data).

<sup>2</sup> U.S. Treasury Department, Office of Financial Research, “Frequently asked questions about NCCBR reporting”, available at <https://www.financialresearch.gov/data/collections/nccbr-faq/> (“FAQs”).

<sup>3</sup> Letter from FIF to the OFR dated June 20, 2024, available at <https://fif.com/index.php/working-groups/category/271-comment-letters?download=2953:fif-letter-to-the-treasury-department-s-office-of-financial-research-relating-to-the-implementation-of-reporting-of-non-centrally-cleared-bilateral-repos&view=category>. Letter from FIF to the OFR dated July 17, 2024, available at <https://fif.com/index.php/working->

## A. Rejection of file and record submissions

The Technical Guidance published by the OFR provides that, “This document explains the submission format and expected values. Files that do not adhere to these requirements may be rejected.”<sup>4</sup> The Technical Guidance further provides that “Submissions with data elements that fail one or more data element validation checks may be rejected and be subject to resubmission.”<sup>5</sup> The Technical Guidance further provides that, “Submissions that fail one or more data file validation checks will be immediately rejected, the Covered Reporter will be notified via email, and a resubmission will be required.”<sup>6</sup>

In two of the sections cited above, the Technical Guidance provides that the submission (i.e., the file or record, as applicable) “may be” rejected; in the third section, the Technical Guidance provides that the submission “will be” rejected. FIF members request that the OFR clarify that a submission “will be” rejected if it fails the applicable validation check. Alternatively, the OFR should specify the conditions under which a submission that fails a validation check will be accepted and the conditions under which such a submission will be rejected.

## B. Securities value at inception

### *Forward start repos*

The NCCBR rule provides the following explanation for the “Securities value at inception” field: “The market value of the transferred securities as of the end of the business day, inclusive of accrued interest.”<sup>7</sup> FIF members request confirmation that for a forward-start repo a covered reporter should report the securities value based on the trade date rather than the settlement date. FIF members note that for a forward-start repo a covered reporter might not price the collateral until the settlement date. On the other hand, since reporting for a forward-start repo is required as of the trade date,<sup>8</sup> if the covered reporter reports this field based on the settlement date, the covered reporter would not have a

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[groups/category/271-comment-letters?download=2967:fif-supplemental-letter-to-the-treasury-department-s-office-of-financial-research-relating-to-the-implementation-of-reporting-of-non-centrally-cleared-bilateral-repos&view=category](https://fif.com/index.php/working-groups/category/271-comment-letters?download=2967:fif-supplemental-letter-to-the-treasury-department-s-office-of-financial-research-relating-to-the-implementation-of-reporting-of-non-centrally-cleared-bilateral-repos&view=category). Letter from FIF to the OFR dated August 22, 2024, available at <https://fif.com/index.php/working-groups/category/271-comment-letters?download=2990:fif-second-supplemental-letter-to-the-treasury-department-s-office-of-financial-research-relating-to-the-implementation-of-reporting-of-non-centrally-cleared-bilateral-repos&view=category>. Letter from FIF to the OFR dated September 22, 2022, available at <https://fif.com/index.php/working-groups/category/271-comment-letters?download=3001:fif-third-supplemental-letter-to-the-treasury-department-s-office-of-financial-research-relating-to-the-implementation-of-reporting-of-non-centrally-cleared-bilateral-repos&view=category>.

<sup>4</sup> Technical Guidance for Transmission of the Report of Non-centrally Cleared Bilateral Transactions in the U.S. Repurchase Agreement Market, Office of Financial Research, Report OFR SFT-2 (May 6, 2024) (“Technical Guidance”), available at <https://www.financialresearch.gov/data/collections/files/nccbr-technical-guidance.pdf>, at 2.

<sup>5</sup> Id. at 3.

<sup>6</sup> Id. at 2.

<sup>7</sup> 12 CFR §1610.11(c)(3), Table 1.

<sup>8</sup> See the FAQ titled “For the computation of a financial company’s outstanding commitments, is a forward-start repo considered outstanding on the trade date or on the settlement date?”

value to report for this field as of the trade date, which would fail the OFR's Data Element Validation Check #1.<sup>9</sup> Based on this discussion, the OFR should consider removing Validation Check #1 for the Securities values at inception field. Longer term, the OFR should consider adding a value to this field for a covered reporter to signify that the repo is a forward start repo and the collateral has not yet been priced.

### ***Overnight repo***

FIF members also request clarification with respect to the following FAQ:

#### **Are securities value and securities value at inception the same for an overnight repo?**

Yes, and these values are also identical for any repo when the start date equals the date in the trade timestamp.

FIF members note that the NCCBR rule defines "Securities value" as "The market value of the transferred securities **as of the end of the business day** (emphasis added), inclusive of accrued interest" and defines "Securities value at inception" as "The market value of the transferred securities **at the inception of the transaction** (emphasis added), inclusive of accrued interest." Based on the FAQ quoted above, FIF members understand that "inception of the transaction" for an overnight repo (or any repo that is not a same-day repo) is referring to the end-of-day market value of the transferred securities. FIF members request confirmation on this point.

### **C. Start date and end date fields**

FIF members appreciate the guidance provided by the OFR in the FAQs relating to the reporting of the start date and end date fields. The FAQs provide that, "Covered reporters may report zeros for the time portion of the datetime formatted field when the transaction is not an intraday transaction or does not have a specified start/end time."<sup>10</sup>

FIF members note that if a covered reporter reports the start date (or end date) with zeros for the time portion, this could technically be interpreted as a transaction that occurred on the prior day. For example, if a firm reports a transaction as 20240913T00:00:00.000Z, the OFR system could technically interpret this as a transaction that occurred midnight on September 13 GMT, which would be 8 pm on September 12 ET. Accordingly, FIF members request confirmation that the OFR system will consider only the date portion of the start date or end date field (as applicable) when performing any date-based validations.

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<sup>9</sup> Technical Guidance, at 7.

<sup>10</sup> See the FAQ titled "What should be reported in the time portion of the datetime formatted fields of start date and end date when the time of the open leg or the time of the closed leg is unspecified?"

#### **D. Reporting by an investment adviser**

The FAQs provide that “... if the covered reporter is an investment adviser but is not a party to the repo, it should report the LEI of its fund that is party to the repo in the appropriate field (cash lender or cash borrower, depending on the side of the repo that the fund takes).”<sup>11</sup> FIF members note that this reporting would result in a rejection of the applicable record based on Data Element Validation #12 (“When Guarantee = FALSE, Covered Reporter LEI = either Cash Borrower LEI or Cash Lender LEI.”)<sup>12</sup>

There are also scenarios where an investment adviser can act as agent for two funds that enter into a transaction as counter-parties to each other. In this scenario, it is unclear how the investment adviser should report the Transaction ID. Should the investment adviser report the Transaction ID assigned by one of the funds, or should the investment adviser assign its own Transaction ID? Alternatively, should the investment adviser report the transaction twice in the report and provide the Transaction ID assigned by each fund in the separate record for that fund? If a covered reporter attempts to report the same Transaction ID for two records, this will result in a rejection based on Data Element Validation #14 (“Transaction ID is unique and non-repeating in the file”).<sup>13</sup>

#### **E. Floating rate reset frequency field**

The NCCBR rule provides the following explanation for the “Floating rate reset frequency” field: “The time period, in calendar days, describing the frequency of the floating rate resets.”<sup>14</sup> It is unclear how a covered reporter should report this field when the rate resets on a monthly basis because a month could have 28, 29, 30 or 31 days. It is also unclear how a covered reporter should report this field when the rate resets on an annual basis because a year could have 365 or 366 days. The same issue applies when a rate resets on a quarterly or semi-annual basis.

FIF members request confirmation that the following approach would be permitted for reporting this field:

- Monthly reset: report 30
- Quarterly reset: report 90
- Semi-annual reset: report 180
- Annual reset: report 360.

As a longer term solution for the scenario where a repo provides for a rate reset based on a period (for example, monthly) as opposed to a number of days, FIF members request that the OFR permit covered reporters to report the applicable period in this field (for example, monthly) instead of reporting a specific number of days.

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<sup>11</sup> See the FAQ titled “Should the Legal Entity Identifier (LEI) of the principal obligor be reported in the fields for cash lender LEI or cash borrower LEI, even if this LEI is different from that of the covered reporter?”

<sup>12</sup> Technical Guidance, at 7.

<sup>13</sup> Ibid.

<sup>14</sup> 12 CFR §1610.11(c)(3), Table 1.

## **F. Threshold for an investment adviser to qualify as a Category 2 covered reporter**

The NCCBR rule defines a Category 2 covered reporter as,

Any other financial company with over \$1 billion in assets or assets under management whose average daily outstanding commitments to borrow cash and extend guarantees in noncentrally cleared bilateral repurchase agreement transactions, including commitments of all funds for which the company serves as an investment adviser, with counterparties that are not securities brokers, securities dealers, government securities brokers, or government securities dealers over all business days during the prior calendar quarter is at least \$10 billion.<sup>15</sup>

Should an investment adviser calculate its assets or assets under management as of a specific date or based on an average over a specified period? If the former, on which date should the investment adviser make this calculation? If the latter, over which period should the investment adviser make this calculation?

## **G. Rounding**

FIF members request that the OFR provide guidance on whether a covered reporter should round-up or round-down for a value that ends in “5”.

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FIF and our members appreciate the OFR’s attention to the items set forth in this letter. Please contact me at [howard.meyerson@fif.com](mailto:howard.meyerson@fif.com) if you have any questions or would like further clarification as to any of the items above.

Very truly yours,

/s/ Howard Meyerson

Howard Meyerson  
Managing Director, Financial Information Forum

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<sup>15</sup> 12 CFR §1610.11(b)(2)(ii).